

**GOVERNING BOARD MEETING  
OREGON DEPARTMENT OF GEOLOGY & MINERAL INDUSTRIES**

FRIDAY, MAY 23, 2008  
PORTLAND STATE OFFICE BUILDING, SUITE 965

**1) Call to Order:**

Chair Donald Haagensen called the meeting to order at 9:00 am. There was an executive session held previously from 8:30 am until 8:55 am.

**2) Introductions:**

Board Chair Donald Haagensen, Vice Chair Steve Macnab, Board Members Larry Givens, and Charles Vars were present.

DOGAMI Staff in attendance:  
State Geologist Vicki McConnell  
Assistant Director Don Lewis  
Assistant Director Gary Lynch  
James Roddey  
Tove Larsen  
Carol DuVernois

Dawn Farr from the Legislative Fiscal Office was in the audience.

1       **3) Approval of Governing Board Minutes for February 29, 2008: (Board)**

2       **Motion: Vars moved to approve the minutes as written, seconded by**

3       **Givens. Motion carried.**

4

5       **4) Board Business:**

6       **a. *Board membership changes and a general discussion on Board***

7       ***governance.***

8       Barbara Seymour announced she will retire from the Board in October, so the  
9       Board will solicit candidates for her replacement. Barbara is the representative  
10      for the Northeast/Coastal part of the state, so the Board will seek a  
11      geographically compatible replacement, but will not rule out candidates from  
12      other parts of the state. Haagensen and McConnell will vet the candidates and  
13      report back to the Board with recommendations.

14      The Board discussed the Chair and Vice Chair rotation. Haagensen's term  
15      will end this fall, and Macnab will not seek the chair, due to time constraints. The  
16      Board will need to nominate a new Chair and Vice Chair.

17      In addition, Macnab's first term will end in September. McConnell will draft a  
18      letter to the Governor's Executive Appointments Office to recommend Macnab  
19      for an additional four years. She will also consult with Nancy Goss Duran to  
20      clarify Vars' term length. We are not clear if he is simply fulfilling the balance of  
21      William Eliot's term, or if he has been approved for a full four year term.

22      Haagensen noted that he, Eliot, and Seymour all started at the same time, thus

23 their terms would end at the same time, so it would make sense to extend Vars'  
24 term to a full 4 years.

25 **b. *Ethics Reform Review Team letter request.***

26 The Board discussed the letter they each received regarding the new ethics  
27 laws. McConnell will clarify who is on the review team and notify the Board.

28 **c. *Follow up on State Geologist performance review and evaluation.***

29 The Board completed their performance evaluation of the State Geologist at  
30 the Executive Session earlier in the day. Haagensen would like to meet with  
31 McConnell to discuss the results. On behalf of the Board, he thanked McConnell  
32 for her service, that the evaluation showed that she is performing very well, and  
33 that her support for the Board is appreciated. The perception of the Board is that  
34 McConnell is spending long hours and making an effort above and beyond what  
35 is normally required for the State Geologist.

36  
37 **5) Agency Revenue and Expense Report (Vicki S. McConnell and Don  
38 Lewis)**

39 **a. *Briefing on most recent Agency revenue and expenses:***

40 McConnell wanted to commend Lewis and Larsen for doing the hard analysis  
41 to determine where we are with the budget numbers. Don Lewis presented the  
42 agency budgeted and forecast revenues and expenses, with the key sources of  
43 variance, assumptions, and areas of uncertainty the agency faces, and  
44 discussed the details.

45 Lewis also discussed the Lidar projects and how the influx of partners to the  
46 project will put us beyond our Other Funds Limitation, so we will need to go  
47 before the Emergency Board to request additional Other Fund Expenditure  
48 Limitations. If the E-Board does not approve of the additional Other Fund  
49 Limitations, there will be big problems for both programs. So we have much  
50 work to do to get the correct documentation to show the need for additional Other  
51 Fund Limitations to head off any problems.

52 McConnell noted that she does not foresee approval by the E-Board being an  
53 issue, because we have been so successful in garnering partners for the Lidar  
54 Consortium. We just have to have the documentation ready and show that the  
55 Lidar contracts are viable, not speculative. She explained the challenge of  
56 creating the budget, mentioning that the agency needs to be very fluid, because  
57 the myriad of projects we are involved in, and how things can change quite  
58 quickly.

59  
60 **6) Break**

61  
62 **7) Review of Draft 2009-2011 Agency Budget Request and Legislative  
63 Concepts: (Vicki S. McConnell, State Geologist)**

64 **a. *Budget Process Briefing***

65 McConnell provided an overview of the state budget process and how it  
66 relates to the building of the Agency Budget Request (ABR) document. She  
67 discussed the various pieces of the Budget, and how we put them together. The  
68 main areas discussed were the Narrative, the Performance Measures, Revenue

69 Forecast, and the program breakdown. She noted that the legislators have to  
70 read about 80 budgets, and that it is incumbent upon the agency to make the  
71 budget succinct and easy to read. The ABR must be submitted to DAS by  
72 August 1<sup>st</sup>. They will do a full review and audit the numbers, and the Governor's  
73 Recommended Budget will come out in the beginning of December.

74  
75 **b. Review Draft Essential Base Level Budget request**

76 Don Lewis walked the Board through our budget calculations using tables to  
77 explain how the Base Level Budget works. He detailed the salary expenses, rent  
78 increases, general fees, allocations by fund type, etc. showing how a gap is  
79 growing between actual expenses and allowable budgeted expenses. Macnab  
80 said we need to keep track of the gap, and the Board will need to discuss how to  
81 adjust to the reality of what we have and what we will need to do to create  
82 balance, making cuts if necessary. Lewis, McConnell, and Lynch each noted  
83 different scenarios that show the large difference between the budgeted  
84 expenses and the actual expenses, including salaries, rent, and Attorney  
85 General's fees. One of our challenges is the mandatory 10% cut, and there is no  
86 slack.

87 Haagensen stated that our strength is our weakness, in that we go out and  
88 generate funding, so the legislature has come to rely upon us to do that. Vars  
89 asked if we'd ever used supplementary reports to bolster arguments for  
90 additional funding. McConnell said we go before the Ways & Means Committee  
91 to present a compelling and factual representation of what we do and why,  
92 advocating for additional policy packages, and ultimately educating the  
93 legislators and the Governor's Office about why the funding is necessary. We  
94 also have stakeholders willing to support our cause. Last biennium we had about  
95 10 letters written by other groups in support of the Lidar program. Lynch noted  
96 that we are in better shape now than in the past, because there is a greater  
97 understanding of what we do and why the agency is important to the well being  
98 of the state, due to the efforts of McConnell and Lewis to effectively communicate  
99 with legislators and the Governor's Office.

100  
101 **c. Review Draft Policy Option Package add-ons**

102 (Please see official Board Packet for details of each POP which are listed in  
103 the order of priority for the agency.)

104 McConnell told the Board that the number of Policy Option Packages has  
105 grown from four to eight since the last discussion. She briefly discussed each of  
106 the POPs. The Lidar Consortium (POP 101) is the highest priority for the  
107 agency. Last biennium we obtained Lottery funds for this project, but we cannot  
108 ask for Lottery money this time, so we are asking for General Funds. Haagensen  
109 asked if any industries were interested in stepping up with funding. McConnell  
110 explained that we cannot accept any money from them because we don't have  
111 receipts authority to accept industry funds, and that we should try to get a  
112 legislative fix on that.

113 POP102 asks to transfer the Lidar Database Coordinator position from LD  
114 to FTE with General Fund support. POP 103 requests a permanent General

115 Fund FTE Coastal Geomorphologist to manage the shoreline monitoring  
116 network.

117 POP 104 is directly linked to Legislative Concept 632-2 and would add an  
118 Administrative Assistant at ½ FTE and the Services & Supplies to the  
119 Geothermal drilling permits and fee restructure.

120 POP 105 requests assistance to strengthen both the analytical and  
121 dissemination sides of the Landslide Hazard Mitigation program. It requests an  
122 FTE for a landslide technical specialist, an FTE for a digital database project  
123 manager, and to make the salary for the Publications Coordinator all General  
124 funds.

125 POP 106, regarding the transfer of surface mining in Columbia County to  
126 state authority will help prepare us for what may happen if Columbia County  
127 hands their program over to us. We also have prepared LC 632-1 for this  
128 contingency. We are still unsure of what Columbia County intends to do, but this  
129 POP will help us have everything in place. The POP is necessary because we  
130 would lose their funding if the county turns their program over to us, but would  
131 gain funding from the production fees. So we have attempted to calculate how  
132 that will turn out.

133 POP 107 will restore the expenditure limitation for the MLRR program, which  
134 the Board has discussed at length at a previous meeting.

135 POP 108 requests General Funds for service & supplies to bring in a Human  
136 Resource person as a consultant to assist us with our HR issues. We've been  
137 working with DAS over the last few months cleaning up our files. However, we  
138 do not have anyone in the agency that is trained for HR at this time and a  
139 temporary consultant would be ideal to help train current Business Office staff.  
140 We may also look to work with a bigger agency within the state system that has a  
141 large HR staff to serve as our HR as well.

142 Macnab noted his surprise that the Coastal Geomorphologist is a higher  
143 agency priority than POP 105. McConnell said that both of these POPs are  
144 enhancements of existing programs. She believes they are both equally  
145 important, and the priorities are still fluid except for POP 101. She will take it into  
146 consideration and discuss it with the Governor's Office to see what their advice  
147 may be.

148 Macnab asked about the acceleration of the tsunami hazard mapping  
149 program. McConnell said they elected to not add that POP again this time  
150 because we have so many already, and the National Tsunami Hazard Mitigation  
151 Program is still on track and is federally funded.

152 **d. Update on Agency Performance Measures**

153 Lewis said we will ideally have the new PM report available to include in our  
154 Agency Request Budget. One change discussed with legislators and DAS earlier  
155 is with PM4, Hazard Awareness and Mitigation. We are trying to measure the  
156 understanding and amount of awareness that people have about hazards around  
157 the state and the mitigation techniques being used.

158 James Roddey briefed the Board on his ideas about this PM. We previously  
159 did public opinion polls, but it is a very tricky thing to measure since we don't  
160 control how the public gets the information. Most people get their information

161 about hazards from TV and newspapers, so how we interact with the media  
162 affects how the public hears about us as a part of natural hazards awareness.  
163 Public opinion polls may still be the most accurate way to gather the data for this  
164 PM. He has contacted a couple of survey companies to see what they can offer.

165 Macnab wondered how we got that PM on our list in the first place.  
166 McConnell said that it was an attempt to be able to track the usefulness of the  
167 Public Ed, Technical Services, and Outreach group. She noted that merely  
168 counting the number of publications the agency releases does not produce any  
169 meaningful information, so this PM is an attempt at gauging public awareness.

170 We've done surveys at any conferences, workshops, etc that we host.  
171 However, the respondents are people that already know this information and the  
172 results are thus skewed.

173 Roddey acknowledged that the media has recognized that we are the content  
174 experts when it comes to hazards. He said we subscribe to a service that  
175 notifies us each time we are mentioned in any media source, so that may be a  
176 better way to quantify such a nebulous PM. Roddey said that if done properly,  
177 surveys can also help the agency develop strategies for mitigation efforts, etc.

178 At this point McConnell introduced two new staff, John English, who replaced  
179 Mark Sanchez in the Lidar Database Coordinator position, and Jed Roberts, who  
180 is working as a temporary employee as GIS specialist.

181 **e. *Update on Status of Legislative Concepts***

182 McConnell briefed the Board on developments on the 2 LCs since the  
183 February meeting. LC 632-1 is the transfer of surface mining. LC 632-2 is the  
184 revision in geothermal regulation and administration. The LCs have been  
185 submitted to DAS for review before they are submitted to Legislative Counsel for  
186 drafting. LC 632-2 is at Legislative Counsel as a placeholder while they draft the  
187 language, which is due June 27<sup>th</sup>. LC 632-1 will be submitted to Legislative  
188 Counsel soon, and we have the draft language for that now. Lynch has met with  
189 representatives of the Columbia County Commission and some members of  
190 industry. The language is not yet finalized, and we will hold a public meeting to  
191 garner feedback from interested parties among industry and citizens.

192 McConnell reported that there was a geothermal workshop in early May  
193 with approximately 80-90 people from industry and other agencies. Bob Houston  
194 introduced the Geothermal LC to the group then, and they now have the chance  
195 to give us feedback.

196 **8) State of the Agency: (Vicki S. McConnell, State Geologist)**

197 **a. *Agency activities update***

198 McConnell briefly went over the outline for this agenda item which is  
199 included in the official Board packet. She noted that the NEHRP program has an  
200 additional \$100,000 to keep working on the Portland earthquake hazard  
201 mapping. NTHMP funding continues to erode, but we are still in negotiations  
202 with NOAA on that.

203 The MLRR Program has been invited to submit proposals for Gravel Pit Fish  
204 and Wildlife Habitat Enhancement to Oregon Watershed Enhancement Board  
205 (OWEB). The OWEB Board recently authorized the OWEB Executive Director,  
206 Tom Byerly, to obligate up to \$6 million in Lottery capital funds this biennium to

207 implement projects for the Willamette Special Investment Partnership. We are  
208 looking at up to \$400,000 for aggregate site reclamation in the Willamette Valley.  
209 She will give more detail about this to the Board when we get more information.

210 McConnell gave kudos to Deb Schueller, who is the Publications Coordinator  
211 and has done a great job of tracking all our publications and getting them out the  
212 door.

213 We received the National Award for Excellence in Mitigation at the National  
214 Earthquake Conference in Seattle, for our Seismic Needs Assessment program.  
215 She noted that OSSPAC nominated us for the award. She said she would get  
216 any press coverage of that event to the Board.

217 She notified the Board that Charles Kirby is officially retired from the agency,  
218 and Jan Durlinger has retired after 25 years of service with the agency.  
219 Haagensen asked that McConnell draft letters to them on behalf of the Board to  
220 thank them for their years of service.

221

222 **9) Regulatory Issues:** (Gary Lynch, Mineral Lands Regulation and  
223 Reclamation Program)

224 **a. *Status of rulemaking***

225 SB149, HB2119, and HB 2120 draft rules represent the most comprehensive  
226 rule writing exercise since the metal mining rule revision of the early 1990s.  
227 Though the rulemaking for the Aggregate Fee restructure seems to be going  
228 slowly, we have finished the third line-by-line pass with Larry Knudsen. On his  
229 advice we are changing the Technical Advisory Committee to a Rule Writing  
230 Committee. We have received Knudsen's final comment on the fee section, and  
231 it is ready to go to the Board and others for comment. The Oil & Gas rules are  
232 well behind the aggregate rules, but they will be much simpler.

233 **b. *Summary of operational and enforcement activities for surface  
234 mining and oil and gas and geothermal regulatory programs***

235 We were successful in our enforcement activities from last year, including  
236 Rock & Ready, and the Dumas site. We have a new enforcement action now  
237 with Dutch Gold, a small underground gold mine in the Cave Junction area.  
238 They side-cast material into a salmon bearing stream for about 3/4 of a mile,  
239 which is a violation of their permit, and the operation has been suspended.  
240 Lynch noted that the operation is small scale, with an expiration permit since  
241 1991 or 92. We brought ODF&W into the site and they are very upset. The  
242 strategy is to be very vocal and visible about the enforcement action, because  
243 the operation was searching for investors. If we need to continue, we could get a  
244 Temporary Restraining Order, but Lynch doesn't think that will be necessary.

245 Lynch said Chip Andrus, the new fish biologist/reclamationist has been a  
246 great help in both attracting monies for restoration and also by increasing our  
247 field staff by 20%. He noted that we have added the regulation of Oil & Gas, the  
248 regulation of Geothermal, the reclamation agent for Columbia County and the  
249 Stormwater program, and have not added clerical staff. He believes Dawn  
250 Marshall is the best clerical person in the state of Oregon and maybe in the  
251 universe, but it's time to get an office assistant to help ease the workload.

252 Haagensen asked if it was possible to ask for no cap on the permit fees.  
253 Lynch said we should attempt it, because if the rules are changed only once  
254 every 25 years, then it would make sense to have a mechanism within the rules  
255 to allow for adjustments. Haagensen said one method may be to have the  
256 legislature allow the Board to set a cap by rule. McConnell agreed that it would  
257 be better to not to have limitations in the statute.

258 McConnell reported on the Governor's H2O initiative, giving the Board the  
259 draft of the initiative for review. The initiative addresses how to manage water  
260 issues, including quality, supply, ecosystem benefits, costs, and what to do over  
261 the next decade. They envision the funding will come from Lottery funds. Our  
262 role will be providing Lidar data, integrated surface and subsurface geologic  
263 mapping, providing 3D visualization and groundwater data, monitoring of climate  
264 change on the coast, and coastal water infrastructure, and administering an  
265 applied research consortium on impacts of climate change on water.

266

267 **10) Setting of time and place of next Board meeting: (Board)**

268 The next meeting will be a conference call to review and approve the  
269 Agency Request Budget, and will be held on July 22<sup>nd</sup>. The following meeting  
270 will be held on October 9<sup>th</sup> in Prineville and will include a workshop on October  
271 8th and field trip following the meeting on the afternoon of October 9<sup>th</sup>.

272 **11) Additional Public Comment:**

273 There was no public comment.

274 **12) Adjourn**

275 Meeting was adjourned at 12:30 pm.

276

277 **Action List: (in no order of priority)**

278

- 279 1. McConnell will consult with Nancy Goss Duran to clarify the length of  
280 Charles Vars' term. Done – Vars will fulfill the remainder of Elliott's term,  
281 until 12/31/09.
- 282
- 283 2. McConnell and Haagensen will meet to discuss the results of her  
284 performance evaluation.
- 285
- 286 3. McConnell will clarify who is on the Ethics review team. (Dexter Johnson,  
287 Legislative Counsel; Philip Schradle, Office of the Attorney General;  
288 Marjorie Taylor, DAS; Kelly Skye, Office of the Governor) These were the  
289 4 on the letter sent out.
- 290
- 291 4. Staff will investigate the possibility of building General Receipts Authority  
292 into a bill. In Progress
- 293
- 294 5. McConnell will draft letters from the Board to Charles Kirby and Jan  
295 Durflinger thanking them for their many years of service to DOGAMI. -  
296 Done
- 297

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6. Copies of the Draft Rules will be sent to the Board when they become available.- In Progress

APPROVED:

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Don Haagensen, Chair

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Steve Macnab, Vice Chair

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Barbara Seymour

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Larry Givens

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Charles Vars